

THE MOST CONTAGIOUS IDEAS OF 2015





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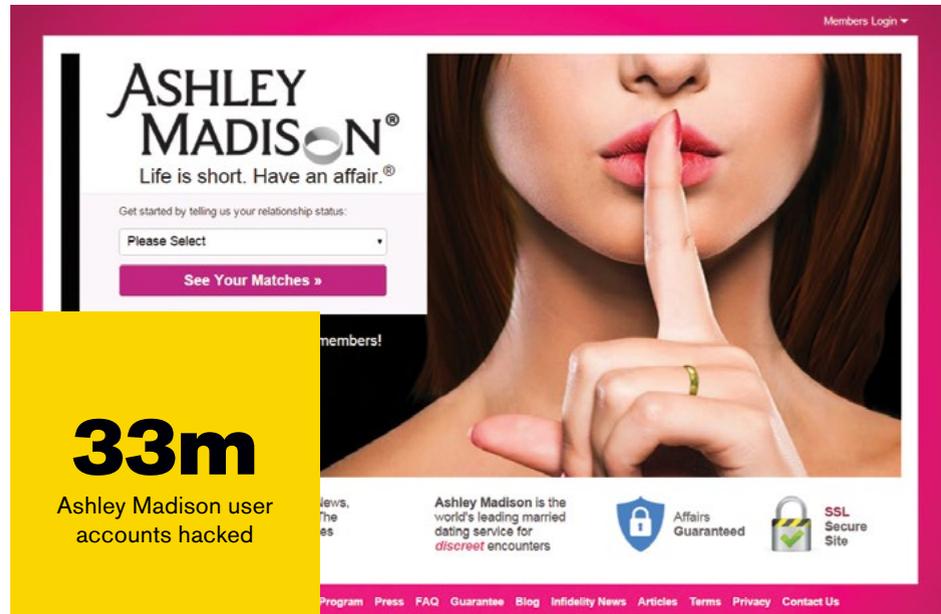
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Banks: hacked. Cars: hacked. Marriages: hacked. Ads: blocked. Greece: smashed.

Hello and welcome to Most Contagious – our round-up of the biggest themes, trends, technologies, campaigns and companies of the year. The Contagious team has flown high to take a drone’s-eye view of the developments of the past 12 months, highlighting the key shifts in tech, consumer culture and marketing.

As ever, it was the best of times and the worst of times (although Dickens probably wouldn’t have anticipated a debate over the colour of a dress worn at a wedding generating the same global interest as the discovery of water on Mars). 2015 was characterised by the wide-eyed wonder of incredible human achievements, such as Nasa’s New Horizons spacecraft becoming the first ship to visit Pluto. But these accomplishments were brought down to earth by terrible human tragedy, exemplified by 700,000 refugees, mostly from Syria, needing to flee to Europe by boat in the first ten months of the year.

The power of visual communication, explored in more detail later in the report, was illustrated to devastating effect in September when news outlets published photographs of three-year-old Alan Kurdi lying dead on a Turkish beach. Press coverage used words like ‘foreigners’ or – in the case of one newspaper columnist – ‘cockroaches’ to describe those fleeing Syria. But, with a single image, media attitudes switched to portraying them more compassionately as ‘victims’ and ‘refugees’.

Not that Europe was entirely a bed of roses for those migrating there, as it continued to struggle with its economy. The

possibility of a so-called Grexit threw the stability of the Eurozone into doubt. German newspaper *Stern* declared Greece ‘smashed’ by Wolfgang Schäuble, Germany’s federal minister of finance, while British journalist Paul Mason described how ‘I watched euphoria turn to anguish as a population that had voted left for the first time in 70 years saw its democratic wishes trashed by the European Central Bank.’

More turbulence headed our way on the global tech front. 2015 underlined how the internet has become as much of a threat as an opportunity to business, as hackers became more worrying to companies than any competitor brand. Security firm Symantec estimates that around 1 million new malicious programs are being created every day. Talking to the BBC about the scale of the problem, Symantec’s European technology head, Darren Thomson said: ‘Five out of six firms that we talked to... had been breached. Given that it can take 230 days to spot a breach, the sixth might have been hit but just didn’t realise it yet.’

Notable hacks of the year ranged from the alarming to the laughable. In February, an international banking hack was uncovered, revealing that cyber criminals had gained access to 100 banks in 30 countries, earning them up to \$1bn in fraudulent transactions since 2013.

On the lighter end of data breaches, ‘Will someone please consider those poor adulterers?’ cried no one as affair-championing dating site Ashley Madison was hacked in July, with 11.7 million



\$7.4bn

Costs incurred by VW after falsifying diesel emission test data



167%

Growth of the drone industry



700k

Refugees crossed to Europe by boat, according to the UN

user passwords subsequently leaked online. Self-styled ‘password research collective’ CynoSure Prime dug into the data to reveal a glimpse into the mind of the online hook-up seeker. Passwords included the self-deluding (likeimreallygoingtocheat), the doubting (ithinkilovemywife) and the hubristic (youwillneverfindout).

Much more troubling was the implication of hacking on the internet of things. In July, two security researchers remotely took control of a Jeep Cherokee. A vulnerability in its web-connected entertainment system allowed them to override the car’s accelerator and brakes. It’s a sobering reminder of hacking’s life-threatening potential, especially for those Tesla drivers who woke up in October to find the company’s 7.0 software update had given their cars the ability to drive themselves. Jim Morrison’s advice to ‘keep your eyes on the road, your hands upon the wheel’ has become impressively prescient, coming from an often drug-addled – and, of course, deceased – 60s rock singer.

Volkswagen may have wished that Morrison had sung some guidance on the ethics of trying to cheat emissions tests after it installed software in 11 million diesel cars designed to falsify emission outputs. Rocked by the scandal, in October the auto manufacturer posted its first quarterly loss in more than 15 years and has had to set aside \$7.4bn to cover the associated costs.

The issue of trust, or rather lack of it, recurred throughout the year, hounding people and organisations like an impressively persistent re-targeted banner ad. Fifa and Sepp Blatter

found themselves at the centre of a series of corruption charges, with the ex-president refusing to fall – or be pushed – onto his sword. Meanwhile, darling of the tech press Amazon was left reeling from an exposé in *The New York Times*, which included an ex-employee claiming: ‘Nearly every person I worked with, I saw cry at their desk.’ YouTube also came under fire after a group of researchers discovered the video site was charging advertisers for fake views. The study found that YouTube was charging for nearly four times the views the site had actually detected from humans.

Not that the humans really cared too much, having delighted in Apple’s decision to allow ad blockers to be installed on iOS9. Within 24 hours, the top-paid for app in the App Store was, you guessed it, an ad blocker.

Finally, the year promises to end on a genuine moment of wonder – a new *Star Wars* film that isn’t totally execrable and a truly delightful piece of merchandising – a drone disguised as an actual flying Millennium Falcon. With the drone industry expected to grow by 167% by the end of 2015, according to venture capitalist Mary Meeker, US transport secretary Anthony Foxx is already urgently calling for all drone owners to be registered.

Good luck explaining that to your child on Christmas Day. ■

Alex Jenkins / Editor, *Contagious Magazine*

The internet has become as much of a threat as an opportunity to business



The Rise Of Virtual Reality

VR's immersive thrills spread beyond gaming to content, retail and design

VR moved beyond the fantastical and became a tangible prospect for many businesses this year. Google Cardboard, released in 2014, won the Mobile Grand Prix at Cannes Lions and was praised for how it democratised the technology. Samsung's Gear VR headset was released for a bargain \$99. Both of these headsets require a smartphone to act as the viewing screen, but the impressive processing power of modern phones means that an enjoyable wireless immersive experience is possible. The first quarter of 2016 will bring the long-awaited official release of Oculus Rift, the Facebook-owned device that has caused a stir among developers, with Sony PlayStation VR not far behind. Combined with augmented reality, the technology is predicted by Manatt Digital Media to generate \$150bn in revenue by 2020, allowing Facebook to breathe a sigh of relief, following its \$2bn splurge on Oculus in 2014.

VR offers more immersive storytelling, as demonstrated by a 360-degree trailer for *Star Wars: The Force Awakens*. This was hosted exclusively on Facebook, after these kinds of video uploads were made possible on the platform in September.

Emotional Impact

Brands that can persuade people to don a headset stand to benefit from the total attention of their customers. In addition, the technology can be used to enhance retail environments, provide sales opportunities or give users a first-hand glimpse of exclusive or inaccessible experiences, from pro-skating tricks right through to the stark reality of refugee camps.

The latter is seen in a new VR film from *The New York Times*. Produced with Vrse.works, *The Displaced* focuses on the lives of children in the global refugee crisis and is the first in a series of films from the US publisher. To promote the 360-degree content, viewed through an accompanying app, the NYT

gave away 1 million Google Cardboard headsets to subscribers in November.

Amnesty International fundraisers also used Google Cardboard to provide people on the streets of London with a glimpse of the war-torn city of Aleppo in Syria. The emotional impact of being transported from the humdrum to such an extreme situation had the desired effect. Amnesty reports that the pilot led to a 16% increase in donations and the project was rolled out to additional cities.

Virtual reality also offers opportunities in retail environments, driving sales and allowing people to try scarce or expensive items. Car-maker Audi took virtual reality into its dealerships, associating the

brand with future-facing technology while allowing potential customers to personalise products. The car configurator service used Oculus Rift to allow people to sit behind the wheel and choose their desired colours, leathers, inlays and infotainment system. Audi plans to bring the technology to its entire dealership network by the end of 2015.

The creative possibilities of the new technology go hand in hand with its marketing potential. Although there are skills gaps around successfully briefing for the platform, we expect to see increasingly compelling and successful work in the new year. ■

Emily Hare / Managing Editor, *Contagious Magazine*



Most Contagious

Google has taken a holistic approach to virtual reality this year, launching hardware and software to support its lo-fi Google Cardboard headset.

The tech giant followed its Cannes Lions Mobile Grand Prix win with the launch of YouTube's 360-degree platform, which means that users can dive into an immersive world without having to download a separate app.

Google teamed with GoPro to create Jump – a camera rig that houses 16 cameras shooting 360-degree footage. Google's free footage stitching program, The Assembler, can convert the separate videos into a 360-degree film, where it can be housed on the video-sharing site. The power of a parent company with a hardware and software ecosystem quickly becomes very apparent.

Google Cardboard offers a way for anyone with a smartphone and around \$5 to watch virtual reality content, and for the uninitiated, the thrill of virtually flying down a rollercoaster can flip your stomach. Although costs of producing VR content can escalate quickly, at the bottom end, Cardboard provides a great entry point for brands looking to experiment with this emerging technology.

AI: Friend And Foe

We're on the cusp of the next, great technological revolution. But how much do you trust it?

'The development of full artificial intelligence could spell the end of the human race.'

So, pack up your MacBook, fire your intern and head for the hills: we're all doomed. At least that's what many people are probably thinking as 2015 draws to a close.

This year started with disturbing prophecies about AI from worryingly smart people. Stephen Hawking, the author of the above statement, teamed up with Elon Musk and 1,000 AI experts back in January to write an open letter highlighting the 'potential pitfalls' of creating 'superhuman' artificial intelligence.

If VPAs start making decisions for you, then our industry, which is fundamentally about marketing to the pre-frontal cortex, will begin to market towards an algorithm

Mark Holden, PHD Media

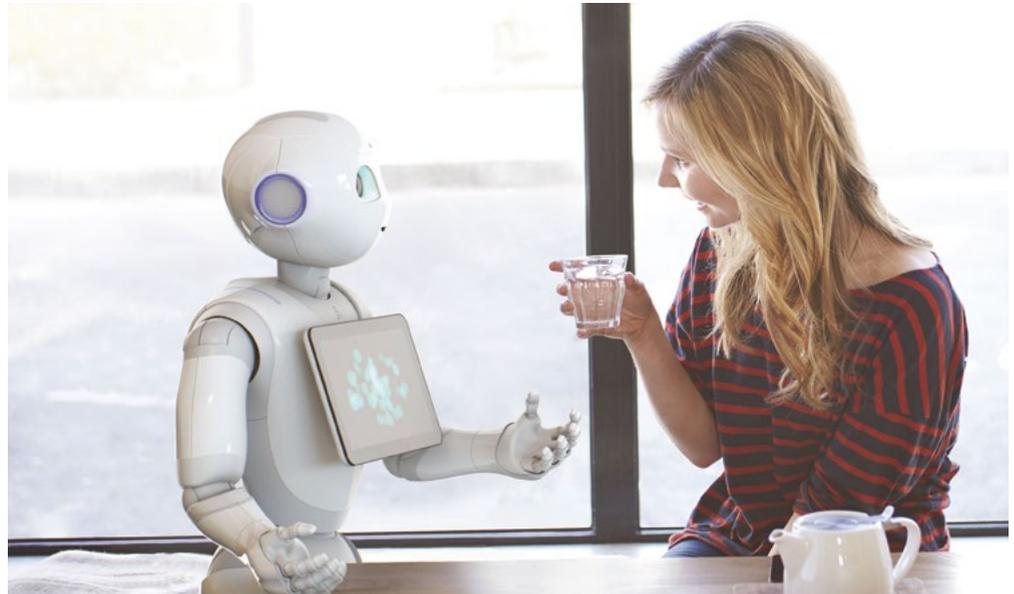
Hollywood also stoked fears. From *Ex Machina* to *Avengers: Age of Ultron*, box-office hits played on the theme of AI gone bad and robots taking on humanity. But, while media headlines and futuristic movies feasted on this apocalyptic fiction, companies creating AI continued to quietly, yet dramatically, restructure the business landscape.

Investment in 'deep learning' – essentially artificial neural networks that enable machines to learn like humans – gained momentum. Last year, Google bought London-based startup DeepMind for £400m (\$617m) to help develop computers that can think like humans. In June this year, IBM responded by purchasing Alchemy API to heighten the capabilities of Watson, a supercomputer that can already diagnose some cancers nearly twice as successfully as human doctors.

Up Close & Personal

This investment, combined with advances in natural language processing (a computer's ability to understand spoken words) has created a race between the big tech companies. The goal? To create virtual personal assistants (VPAs) that millions – if not billions – of us will use.

These automated helpers have already been



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If ordering pizza using your fingers is too arduous, Domino's customers can now speak their order to a branded VPA. Dom is located in the brand's app and uses natural language processing to converse with hungry customers. It allows people to create personalised toppings, add items to their basket and find deal coupons. Dom was developed by AI experts Nuance Communications and CP+B, Boulder. The VPA, which is part of the brand's AnyWare strategy, contributed towards a 12.8% quarterly sales increase, against the backdrop of a category enduring stagnant growth.

in people's pockets for a while – in the form of Siri or Google Now. But this year, new players entered the race and development sped up. Microsoft's Cortana launched across Windows in January 2015, then on Android in May. Apple responded in September by turbo-charging the capabilities of Siri on iOS 9.

Not to be left out, Facebook announced a new personal assistant for its Messenger app in August. Much like other iterations, 'M' promises to find information for users and even purchase items or oversee travel arrangements.

Brands, too, have started experimenting with these assistants. Earlier this year, Bank of Tokyo Mitsubishi introduced multilingual robotic customer service representatives in its branches, able to understand facial expressions and answer banking-related queries. In June, Amazon released Echo – a smart assistant for people's homes. Echo can play music, respond to questions, deliver a weather report and add items to your shopping basket – all via voice recognition.

Advances in deep learning mean that – in 2016 and beyond – these assistants could become the gatekeeper between people's virtual and personal lives, available to anyone with a smartphone. If this future is realised, it's likely to have far-reaching consequences for marketing.

'If VPAs start making decisions for you, then our industry, which is fundamentally about marketing to the pre-frontal cortex, will begin to market towards an algorithm,' said Mark Holden, PHD Media's worldwide director of strategy and planning, in *Contagious* 44. 'That's a fundamental change to how things work.' Now there's a prophecy that all companies can relate to. ■

Patrick Jeffrey / Writer, *Contagious Magazine*

Smart is contagious.

The
Economist



Talking Pictures

Visual culture gets commercially attractive with bespoke emoji, filters and ad-friendly APIs

Since our ancestors first daubed paintings on the walls of caves, humans have used pictures to communicate with each other. Visuals surged as a key form of communication in 2015, with emoji and stickers leading the charge. More than 6 billion emoji are sent every day and 2 billion stickers (animated emoji) are sent on Japanese messaging app Line alone. In fact, Line's user-generated sticker market made \$75m during its first year. The ubiquity of mobile and the desire to add some nuance and personality to online conversations instead of throwing thousands of words into the digital ether are driving this trend, which is predominant among young people but growing in all age brackets.

Facebook responded by introducing reactions – characters that can be used in place of the ubiquitous Like thumb to bring a splash of personality to the social network. Ways to express yay, wow, sad or angry are now finally within our grasp. However, this may not be enough to stem the flow of users to other, more visual platforms. Global Web Index reported that Instagram use overtook Facebook in the UK at the start of the year, and Pew Research Center's data reported that, although still dominant, Facebook's user numbers remained flat, in contrast to Instagram and Pinterest, whose usage has doubled since 2012. You don't need to be Mark Zuckerberg to realise that the trend in social is unremittingly towards the visual.

Emoji Appeal

Social sites in general also did more to make themselves more visually and commercially attractive to advertisers: Instagram opened its API to brands over the summer, introduced clickable ads and, more recently, Boomerang – looping

GIFs. McDonald's was the first company to use a Snapchat Geofilter and Twitter unveiled its first paid-for brand emoji with Coca-Cola. Domino's won 2015's Cannes Lions Titanium Grand Prix for its emoji ordering service on the short-form social site. CP+B, Boulder introduced a way for users to tweet a pizza slice emoji to place their favourite order.

Apple's iOS9 update featured a host of new emoji that had been vetted by the Unicode Consortium to form part of the official emoji character set, including the belated inclusion of a racially diverse range of faces. The Ad Council and Goodby,

Silverstein & Partners used this update to take a socially responsible stance, with their I Am A Witness campaign. The group worked with several brand partners to introduce a new emoji depicting an eye inside a speech bubble, designed to be used to both call out cyber bullying and support its victims.

There was still room for frivolity, however. Perennial mischief-maker of the visual world, Snapchat, temporarily introduced rainbow vomit filters, meaning that selfies would never be the same again. ■

Emily Hare / Managing Editor, *Contagious Magazine*



Most Contagious

October will go down in the history of 2015 as the month the taco emoji officially became available to the world.

It was not down to chance that the taco took its place alongside other esteemed fast-food emoji, such as the pizza slice, the chicken drumstick and the burger. Taco Bell picked up on social chatter and launched a petition on Change.org at the start of the year to campaign for the taco's inclusion. The PR-friendly approach helped the petition to gather 30,000 signatures and eventual inclusion in the character set.

Tressie Lieberman, Taco Bell's senior director of digital and marketing platforms, told *Contagious* in our Taco Bell case study: 'It's something that there's built-in passion around.'

The Era Of Mobile Video

The battle for video supremacy will be fought on a five-inch screen

Welcome to the dawn of a golden age of mobile video. This is the year that YouTube, the reigning sovereign of online video, announced that it's a mobile company. 'We're focused on three top priorities: mobile, mobile and mobile,' chief executive Susan Wojcicki told the crowd at VidCon in July, adding that more than half of the platform's views come from mobile devices.

But as our viewing preferences shift from desktops to phones, there are now a few challengers to YouTube's crown.

Usurping The Ruler

Facebook is the most likely candidate to dethrone YouTube. In November, the platform announced average daily video views of 8 billion and a 27% year-on-year increase in mobile daily active users.

'A year or two from now, we think Facebook will be mostly video,' said the brand's ad product lead, Ted Zagat, in September. As testament to this, in the past year the company has launched 360-degree video, a new tool to make content with friends called Riff and an update to its Facebook Mentions app that enables public figures to share live video. More recently, Facebook rolled out Suggested Videos to iOS users, encouraging them to watch clip after clip on the platform. Zuckerberg and his crew are also testing 'a dedicated place on Facebook for people to go when they exclusively want to watch video', including content they've saved for later.

However, mobile video is unlikely to be just a duopoly.

Vertically Challenged

Snapchat, featured later in this report, has squarely set its sights on conquering mobile video – specifically vertical video. According to the app, viewers are nine times more likely to watch ad content to

the end if it's in this format, which is why media outlets like the *Daily Mail* and Mashable are creating content especially for portrait viewing.

Livestreaming platform Periscope, which launched this year, also encourages its 1.85 million users to create videos in this aspect ratio. Vertical is simply the most natural format in which to watch mobile content and, according to venture capital firm Kleiner Perkins Caufield & Byers, it currently accounts for 29% of all time spent on screens.

Why Now?

A perfect storm of factors has come together to usher in the mobile video age.

First, faster mobile data connections mean that we can spend our time watching videos rather than waiting for them to buffer. And when we do press play, we don't have to settle for pixelated footage. Second, mobile screens have become larger and higher resolution, making for a more comfortable viewing experience.

Most importantly, we no longer have the excuse that there's nothing to watch. If anything, there's too much. CEO of TV network FX, John Landgraf, predicted in August that '2015 or 2016 will represent peak TV', with viewers in the US having the choice of 400 scripted series, more than ever before.

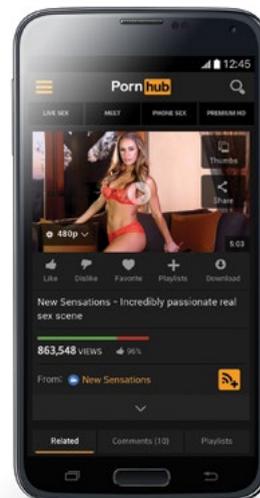
Of course, TV doesn't just mean the flatscreen in your living room. Netflix claims that its mobile viewers have more than doubled in the past three years. Now more media companies are taking inspiration from the service. For \$9.99 you can get a subscription to Disney's or PornHub's streaming service – both launched this year. The choice of which one to watch is up to you, but the chances are you'll tune in from your mobile. ■

Chloe Markowicz / Deputy Editor, *Contagious Magazine*



Most Contagious

Our favourite campaign this year happened to feature adorable cats, but we promise that didn't cloud our judgement. Whiskas' Kitten Kollege, a video series about a feline university, stands out because it was created specifically for mobile. AMV BBDO, London, knew that around 77% of views would come from mobile and this influenced everything in the campaign's creation, from how the content was shot to how the intro and end frames were designed.



In The Name Of Equality

Brands are no longer afraid to stand up for diversity

This year saw the ad world recognise, accept and begin to champion both gender equality and the LGBT community.

Holding Up A Mirror

Fluidity in both gender and sexuality is increasingly becoming a societal norm. Facebook reflected this shift in February when it updated its profile settings to allow users to add their own custom gender, rather than choose from the previous pre-populated list of 71 options. Meanwhile, a 2015 YouGov survey found that one third of US millennials identify as not being completely heterosexual compared with 14% of baby boomers.

The topic of gender was widely discussed in June, when a ground-breaking cover of *Vanity Fair* magazine featuring Kim Kardashian's one-time stepfather, transgender woman Caitlyn Jenner, hit the newsstands.

As society became more comfortable with this kind of diversity, brands started to normalise it through their advertising. For example, ice cream brand Magnum launched a content series in May about three gender-nonconforming people. The *Be True to Your Pleasure* film, by Lola, Madrid, featured lingering slow-mo shots of its stars enjoying the snack while additional online films told the stories of their lives. Meanwhile, Rugby World Cup sponsor Guinness released an ad, via AMV BBDO, London, a world away from the usual lad culture stereotypes of some beer adverts. Instead it told the emotional tale of Wales ex-rugby captain Gareth Thomas coming out to, and being accepted by, his team mates.



Brand Feminism

While some brands included LGBT protagonists in their ads, others used their marketing to address gender inequality.

Only 22% of senior roles are currently held by women, according to Grant Thornton's 2015 International Business Report. Meanwhile, reflecting reality is still at the bottom of the agenda for Hollywood: there are three males for every female speaking character, and women make up only 17% of crowd scenes in family-rated films and children's television, according to the Geena Davies Institute on Gender in Media. Were the rest all at home doing the ironing, Mr Weinstein?

Brands went beyond simply depicting more women in their advertising this year and actually championed gender equality. Feminine hygiene brand Always' #LikeAGirl ad, launched online by Leo Burnett in 2014, aired during one of the biggest TV events of 2015 – the Super Bowl. Research from parent company P&G showed that 76% of women and 59% of men aged 16 to 24 said that the video changed their perception of the phrase 'like a girl'.

On the other side of the planet, Ariel brought men in India into the conversation about equality with BBDO India's Share the Load campaign, which aimed to get guys helping out with household chores. The initiative, which included wash-care labels that read 'can be washed by both men and women' and 'his and her' packs of detergent, resulted in a 60% sales increase.

Adland legend Bill Bernbach once advised: 'All of us who professionally use the mass media are the shapers of society. We can vulgarize that society. We can brutalize it. Or we can help lift it onto a higher level.' Thirty three years after his death, the industry may have finally taken notice. ■

Kate Hollowood / Writer, *Contagious Magazine*



Most Contagious

Sport England's This Girl Can campaign encouraged women to exercise by representing them more realistically than usual. A TV spot showed women of all shapes, sizes and ages working out to Missy Elliott's *Get Ur Freak On*. Viewers were treated to shaking cellulite, wobbly bellies and hair stuck to sweaty brows, rather than the impossibly toned models of most sports ads. 'It's about changing what's traditionally perceived as a negative into a point of pride. We want to change that mindset so women can sweat and enjoy it,' FCB Inferno strategist Dan West told *Contagious* in January.



Unicorn Startups Covet Cash

It may have been a pretty good year for unicorns, but it was an even better year for their wealthier descendant: the decacorn. The term unicorn was first used in November 2013 to denote US private companies valued at more than \$1bn, but some of the high-rolling horses have more recently evolved to become decacorns: valued at \$10bn or higher. In 2013, Facebook was alone in the decacorn category, but in 2015 it was joined by the likes of Airbnb, Uber, Pinterest, SpaceX and Snapchat.

It's easy to assume that similar high-profile tech companies, such as Amazon (IPO market value \$438m) and eBay, would also have been in this band of magical beasts, whereas, in fact, their Initial Public Offerings (IPO) on the stock market took place before they'd reached such sky-high valuations.

So why are relative newcomers achieving such huge valuations, and in greater numbers than ever before?

First, attitudes have changed. When Evan Spiegel, Snapchat's CEO, turned down Facebook's \$3bn offer, he told *Forbes*: 'There are very few people in the world who get to build a business like this. I think trading that for some short-term gain isn't very interesting.' This desire to establish a sustainable company, created for the long term, marked a shift from brands built on a wing and a prayer with an exit strategy based around seducing Google Ventures. We're also seeing a crop of young CEOs under the age of 35 who didn't work through the 2000 tech bubble, and are therefore potentially less risk-averse than their slightly older counterparts.

A higher tolerance to risk is also evident among investors. This year, US companies with relatively large amounts of cash have been keen to invest, thanks in part to record-low interest rates. There is also more venture capital money available. A total of 75% of the largest-ever VC investments have been raised in the past five years, and this isn't just the case in Silicon Valley. Funding available to firms in India and China rose from \$19.9bn in 2014 to \$36.2bn in the first three quarters of 2015.

When markets appear to be on an upward trajectory, mutterings are quick to start about a potential crash on the horizon. While it's true that a number of these companies are yet to make a profit, VC firm Andreessen Horowitz believes that we're not in the midst of a tech-fuelled bubble. In a presentation to investors in June, analysts Benedict Evans, Morgan Bender and Scott Kupor explained that funding of tech companies per US internet user has remained flat since the crash and funding as a share of GDP looks moderate. The average time for companies to build up to an IPO is currently 11 years, compared with pre-crash levels of just four years in 1999.

However, as Vivek Wadhwa explains on the opposite page, he would prefer to see VCs invest in companies with meaning, that have the potential to impact large numbers of people, rather than those using technology to upgrade our social media experience. For all the high valuations, the real appeal of unicorns is that they are just a bit magical. ■

Emily Hare / Managing Editor, *Contagious Magazine*

Interview / Vivek Wadhwa

To get to the heart of what's been going on in the startup and accelerator scene, we spoke to American entrepreneur and academic Vivek Wadhwa. As president of innovation and research at Singularity University and director of research at Duke University's Center for Entrepreneurship and Research Commercialization, Wadhwa is perfectly positioned to set out the key themes of the year and speculate about what that means for 2016.

🔗 What's your take on unicorns, decacorns and other high startup valuations?

It's brain-dead. It's the greed and the mindlessness of the venture capital community, like a herd mentality. They don't use their own brains: when they see something being hot, they all want to throw money at the same thing without taking the risk of really investing in something meaningful that would change the world. This is why the venture capital system is in such bad shape, and this is why the investors will lose their shirts, which is a good thing, because their greed has gotten beyond them.

Every time they hear about a unicorn, everyone wants to have a cut of it so they can put it on their website. As a result, the disaster is growing in terms of a crash.

🔗 What are some of the major developments you've seen in the startup and accelerator world this year?

The amount of money that you need has changed dramatically. It used to be that to start a company you would need a couple of million dollars to buy servers and set up data centres. What used to cost millions now costs tens of thousands. This is because you can get everything you need on the internet: unlimited computing, unlimited storage, the networks are all online. All you need is a laptop and people to write code and you are all set to launch a technology company.

The cost of sensors has dropped dramatically. Sensors to monitor health, to build smart cities, to connect lifestyle and movements. Motion detectors, heat sensors, agriculture sensors. So now you're seeing entrepreneurs building all sorts of amazing technologies using these sensors.

Virtual reality is getting ready to pop. 2016 is going to be the year of virtual reality, where we have headsets that take us into virtual worlds and change the way we use computing altogether. That's going to cause lots of ripple effects, for example in the entertainment industry. Who wants to watch a show on a small screen or even an IMAX screen when you can be there and live it? We're going to see a proliferation of startups taking advantage of the new user interface and the new world they can get into with virtual reality.

There are unlimited possibilities to start analysing data using artificial intelligence to make it meaningful and solve a

lot of problems. Now you have data from everywhere, not only marketing data, which is what we've been focusing on for the past few years, but all sorts of sensor data. For example, if you can monitor traffic patterns around a mall, you can detect what the sales might be. Or you can start monitoring health.

This means that over the next two or three years we're going to see a whole new breed of startups, with new types of technologies being built by entrepreneurs. As it's inexpensive to build these technologies, we'll see many companies getting into these areas.

🔗 Are entrepreneurs with great ideas waiting for the price of tech to drop before getting to work?

That's a mistake because you have to look forward at the exponential trends. Two or three years from now, the cost of laptops, tablets and smartphones will be down to half of what it is today, which means that you will have billions of people coming online. The market is yet to evolve, but it will evolve. You have to be able to look forward, predict what's going to happen and plan for it, because it takes a while to build technology, so you have to start perfecting your technologies in the meantime.

🔗 Do you think there are any trends in the type of businesses you see starting up?

The main shift that I'm seeing is from brain-dead social media apps to more meaningful products.

Meaningful startups are coming up all over the world, focused on building true innovation, impacting large numbers of people and building value rather than copying everything else that's out there. It's all over the map, there are many different locations and many different sectors. When you start solving real world problems, that's when you have a better chance of success.

🔗 Are there any locations or sectors in which you're seeing particular innovation?

India, Chile, all over the place. I'm not focused on the United States. There are some good companies there, but in Silicon Valley there is a lot of noise so you hear more of the noise than you do of the good companies.

For sectors, it's everything from medicine to synthetic biology, robotics, AI – you name it and it's happening. We're seeing innovation happening everywhere, all over the world.

🔗 How do you see this playing out in 2016?

It's going to be the year we start seeing a shift from the meaningless to the meaningful: unicorns crashing and burning and a new generation of meaningful companies coming into play, which is what we need.

The main shift that I'm seeing is from brain-dead social media apps to more meaningful products

essence.

essencedigital.com

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PLATFORM FOCUS



How Snapchat Became The Biggest Force In Video Publishing



In June this year, Snapchat CEO Evan Spiegel and WPP chief Sir Martin Sorrell announced the creation of Truffle Pig, an ad agency designed for the mobile era. The company aims to help advertisers adopt their content for the Snapchat ecosystem. The message to advertisers was clear: the revolution will not be televised. It will be Snapchatted. And the video will be vertical.

In the past 12 months, as it has shaken off its sexting reputation, Snapchat has quite literally turned convention on its side. Its Discover feature, a section of the app that enables brands to publish punchy videos, articles and ads like cable channels, has forced television mainstays such as ESPN, Comedy Central and CNN to start creating vertical videos. After 100-plus years of consuming video in landscape format, people too lazy to turn their phones have forced a format shift, and Snapchat has welcomed them with open arms. Unless, perhaps, Snapchat initiated it in the first place. Did the platform shift the paradigm, or did the paradigm shift inform the platform?

This chicken and egg discussion is indicative of how Snapchat has hit its stride at just the right time, making platform advancements indistinguishable from consumer behaviour shifts. Indeed, Snapchat seems to be perfectly positioned for 2016, with user habits and platform mechanisms dovetailing perfectly to create an unstoppable force in media. In large part thanks to its groundbreaking Discover feature, Snapchat has vaulted from side bet experiment to strategic mainstay by building on (or sparking) four major, ongoing evolutions:

The evolution of attention. With our hands constantly drawn to our pockets by vibrations – real or imagined – we have insect-like attention spans these days. To combat this, Snapchat’s finger-on-the-screen mechanic forced users to dedicate full attention to their smartphone screen for up to ten seconds. Although that mechanic has gone the way of the dodo in recent updates, the app still grabs and holds attention through one-time-only, full-screen views and countdown timers.

The evolution of content. The evaporation of attention spans is indicative of mobile phone users who are allergic to boredom. This has provided an opportunity for small pieces of content formerly considered throwaways to assume more importance. As

a result, content creators are beginning to recognise the value of quick-to-consume, light-hearted content that tells a full story in just a few seconds (see: Twitter, Vine, Instagram).

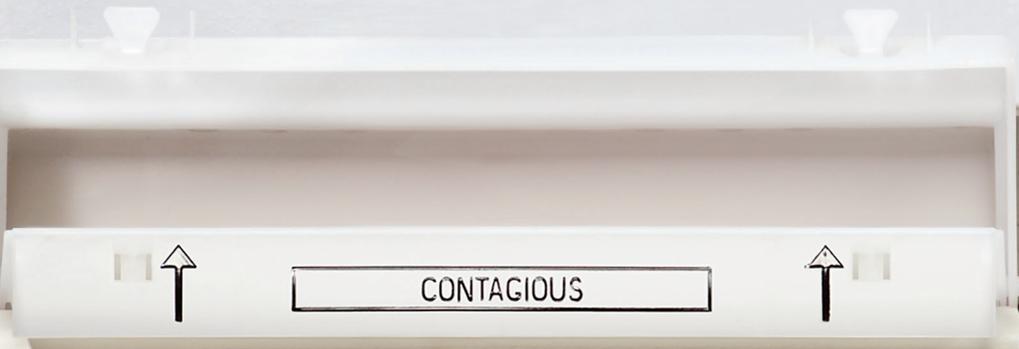
The evolution of messaging apps. Contagious has chronicled the rise of messaging apps for some time (see media focus, Issue 40, and Line case study, Issue 43), noting their precious place on the homescreen (and notification screen) of mobile phones. Their penetration is high, their atrophy rates are low and they occupy an increasing number of smartphone hours. Thanks to Snapchat and its cohort, a new breed of messenger has emerged, mixing one-to-one messaging with one-to-many media.

The evolution of publishing. As messengers have grown in importance, and as consumers have shown reticence to leave the ecosystem in which they’re playing, publishers have begun to adopt new strategies. Perhaps most importantly, they’re embracing distributed publishing on platforms like Facebook, Tumblr and Snapchat, placing less value on whether people click through to the site and more on simple content views. Key to the future of this type of publishing is partnerships, with platforms benefiting from having publishers create native content and publishers benefiting from ad revenues even in an ‘away game’.

That final point has been the big breadwinner for Snapchat – and is likely to be the publishing trend on which the platform’s future rests. BuzzFeed reported in September that a full 21% of views of its content occurred within Snapchat’s Discover feature, a stat that shows both Snapchat’s sheer size and BuzzFeed’s renewed mission as a distributed publisher – indifferent to where its content is viewed, so long as it reaches (monetized) eyeballs.

Snapchat’s revenue model fits quite nicely with this new publishing paradigm, as do emerging formats like Facebook’s Instant Articles. These new media mainstays, where audiences are enticed by social content and stick around for more polished publishing, could become centerpieces for modern media strategies. Snapchat has won a major battle for legitimacy this year. But the distributed publishing war may just be getting started. ■

Chris Barth / Strategist, Contagious Insider



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2015**

When we finally get it in our heads that this whole digital world is not free, brands will stop wasting effort in making the content and go from there

Karen Nelson-Field, University of South Australia Business School

If a company wants to be good at marketing it has to be good at listening and companies aren't always well-gearred to do that

Tyler Cowen, George Mason University

Young people are now loyal only to themselves

Jonathan Mildenhall, Airbnb

SOUNDBITES

The snappiest soundbites from Contagious Magazine during 2015

If you think "This is how success is achieved, let's just repeat it", you're damned

Sergio Valente, Globo

Most wealthy people do not tolerate advertising, so agencies and brands are facing a stark world where wealthy people can avoid them

Scott Galloway, NYU Stern School of Business

You would be better off blow-torching your hard-earned cash than spending it on advertising

James Watt, BrewDog



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